

ECON 384: Labor Economics

Haverford College
Department of Economics

Professor: Michael Levere (he/him) (mlevere@haverford.edu)

Class Meetings: MW, 11:30 am-1:00 pm, Lutnick 211

Office Hours: Tuesday 10 am-12 pm, Chase 218

Required Textbook: None. All required reading materials will be posted on Moodle.

COURSE DESCRIPTION

Labor markets are a critical part of the economy – by employing workers, firms are able to create products and ultimately increase output, while by spending their time working, people are able to get the money that they need to live their lives. Yet we know that in a variety of ways labor markets fail to operate efficiently, with extensive evidence of discrimination that ultimately leads to gaps in income and wealth between women and men and between non-Whites and Whites. This course will explore a variety of empirical issues related to labor economics. We will read the most recent cutting-edge research in labor economics, enabling you to critically assess policy proposals in labor. We will explore both how workers supply their labor and how firms demand it. We will explore a variety of important policies that affect employment, such as the minimum wage, unemployment insurance, affirmative action, and disability benefits. We will also analyze how things like unions, immigration, and technological change affect labor markets. This course will provide you the opportunity to learn about interesting issues while developing your economic toolkit, allowing you to think critically about economic research.

LEARNING OBJECTIVES

By the end of this course, you will be able to:

- Read economic research published in top journals
- Evaluate the validity of research methods used in academic papers
- Identify key issues affecting firms' labor demand and individuals' labor supply
- Predict how policies relating to the minimum wage, immigration, and others will affect the labor market
- Summarize how labor markets experience discrimination and contribute to income inequality
- Present complex research topics in an accessible manner

KEY DATES

- March 2: First referee report due (note: must be submitted BEFORE the class we discuss the paper you are refereeing)

- March 28: Data assignment due
- April 25: Second referee report due (note: must be submitted BEFORE the class we discuss the paper you are refereeing)
- May 13: Research proposal due

CLASS PARTICIPATION (15%)

The first component of your grade is class participation. You must attend class, have read the paper we will discuss that day in advance to prepare for class, and engage in discussion. Regular participation is expected.

PRESENTATION (20%)

Students will lead discussions of most papers we read. either in groups or alone. The presenters will be responsible for being experts on the paper, responding to other student questions and leading the discussion of the paper. Papers that students will present are listed on the syllabus with **. By 1/21, send me a list of eight papers you would most like to present. I will then send back assignments for who will be responsible for presenting each paper throughout the semester. Each student will be in a presenter team four times during the semester. Presentations will be graded on the extent to which you successfully address the following questions and the ability to get the other students engaged in the discussion.

- What are the key research questions this paper addresses?
- What data do the authors use? How did they get access to the data?
- What model do the authors estimate? What is the identification strategy for estimating a causal effect? Do you believe this strategy?
- What are the main findings in the paper? What are the implications of these findings?
- What issues did you find with the paper? What other key topics that we have studied this semester does it relate to?

REFeree REPORTS (20%)

Each student will be required to write referee reports on two papers over the course of the semester, due on 3/2 and 4/25. These are “suggested” due dates, but the referee report must be submitted BEFORE the class in which we discuss the paper. You can choose which paper you review, selecting among any of the starred papers on the list below (only one of your referee reports can be on a paper for which you are leading the presentation). A referee report is jointly a summary and an evaluation of a paper, typically between two and four double spaced pages in length. In practice, it serves as a valuable piece of feedback from a scholar who has read the paper carefully (you, the referee), to both the editor of a journal or book and to the author of the paper. The editor uses the referee report in his or her decision concerning whether to publish the paper, and the author uses it as valuable feedback on how the paper can be improved.

DATA ANALYSIS (15%)

We will use publicly available data to replicate and update some recent analyses of the impact of unemployment insurance on labor market outcomes. This topic is especially relevant today given the generous unemployment insurance benefits offered during the COVID-19 pandemic, which some have argued contributed to the slow jobs recovery. This will be an exciting opportunity to do cutting-edge empirical work on a topic of great interest in the literature. More information on the precise assignment will be provided later in the semester.

RESEARCH PROPOSAL (30%)

Each student will be expected to produce a 10-15 page “proposal” for an original research project you would be interested in completing (rather than producing an entire paper in 14 weeks – they can take years!). The proposal should be on an issue related to labor economics. It should most importantly include a well formed research question. The question should be framed in the literature we have read, explaining how this project would build on existing research. The proposal must also describe the methodology (the type of model you would estimate), the data that you would use to answer this research question, and hypotheses for what you might find. Be sure to provide a justification for why this is an important and interesting research question. Each student will give an oral presentation of their proposal during the last week of classes. For juniors, the hope is that this proposal could serve as your eventual thesis proposal. The final written proposal is due on the last day of exams. An initial suggested set of intermediate deadlines follows to help keep you on track:

- February 11: Proposed initial topic and research question
- March 4: Motivation and place topic in context of literature
- April 1: Identify methodology and potential data source
- April 20-27: Sufficient work done to present proposal in class
- May 13: Final research proposal due

OTHER DETAILS

Inclusivity: I consider this classroom to be a place where you will be treated with respect, and I welcome individuals of all ages, backgrounds, beliefs, ethnicities, genders, gender identities, gender expressions, national origins, religious affiliations, sexual orientations, ability – and other visible and nonvisible differences. All members of this class are expected to contribute to a respectful, welcoming and inclusive environment for every other member of the class.

E-mail policy: I will always do my best to reply to any e-mail you send within 24 hours. My response will typically be of a similar length as your e-mail. If you have more detailed questions, I suggest you attend office hours. I am generally available outside my office hours

as well, so please feel free to stop by my office or email to schedule an appointment.

Academic honesty: For referee reports and the data analysis assignment, you may use any resources you like and can consult with classmates, provided that the work you turn in is your own and you acknowledge the names of helpful peers. Directly copying someone else's work, ideas, or answers is a violation of college policy with serious consequences.

Additional support: I am committed to partnering with you on your academic and intellectual journey. I also recognize that your ability to thrive academically can be impacted by your personal well-being and that stressors may impact you over the course of the semester. If the stressors are academic, I welcome the opportunity to discuss and address those stressors with you in order to find solutions together. If you are experiencing challenges or questions related to emotional health, finances, physical health, relationships, learning strategies or differences, or other potential stressors, I hope you will consider reaching out to the many resources available on campus. These resources include CAPS (free and unlimited counseling is available), the Office of Academic Resources, Health Services, Professional Health Advocate, Religious and Spiritual Life, the Office of Multicultural Affairs, the GRASE Center, and the Dean's Office. Additional information can be found at <https://www.haverford.edu/deans-office-student-life/offices-resources>

Additionally, Haverford College is committed to creating a learning environment that meets the needs of its diverse student body and providing equal access to students with a disability. If you have (or think you have) a learning difference or disability – including mental health, medical, or physical impairment – please contact the Office of Access and Disability Services (ADS) at hc-ads@haverford.edu. The Director will confidentially discuss the process to establish reasonable accommodations. It is never too late to request accommodations – our bodies and circumstances are continuously changing. Students who have already been approved to receive academic accommodations and want to use their accommodations in this course should share their accommodation letter and make arrangements to meet with me as soon as possible to discuss how their accommodations will be implemented in this course. Please note that accommodations are not retroactive and require advance notice in order to successfully implement.

Tentative Schedule

| Lecture | Date | Day | Topic |
|---------|-------------|-----------|----------------------------|
| 1 | January 19 | Wednesday | Intro |
| 2 | January 24 | Monday | Labor supply |
| 3 | January 26 | Wednesday | Labor supply |
| 4 | January 31 | Monday | Labor demand |
| 5 | February 2 | Wednesday | Labor demand |
| 6 | February 7 | Monday | Minimum wage |
| 7 | February 9 | Wednesday | Minimum wage |
| 8 | February 14 | Monday | Racial discrimination |
| 9 | February 16 | Wednesday | Racial discrimination |
| 10 | February 21 | Monday | Gender discrimination |
| 11 | February 23 | Wednesday | Gender discrimination |
| 12 | February 28 | Monday | Intergenerational mobility |
| 13 | March 2 | Wednesday | Intergenerational mobility |
| 14 | March 14 | Monday | Human capital |
| 15 | March 16 | Wednesday | Human capital |
| 16 | March 21 | Monday | Affirmative action |
| 17 | March 23 | Wednesday | Unemployment insurance |
| 18 | March 28 | Monday | Unemployment insurance |
| 19 | March 30 | Wednesday | Immigration |
| 20 | April 4 | Monday | Immigration |
| 21 | April 6 | Wednesday | Unions |
| 22 | April 11 | Monday | Disability benefits |
| 23 | April 13 | Wednesday | Family leave |
| 24 | April 18 | Monday | Changing nature of work |
| 25 | April 20 | Wednesday | Student presentations |
| 26 | April 25 | Monday | Student presentations |
| 27 | April 27 | Wednesday | Student presentations |

Required readings

All papers are required reading. Papers with ** are for student presentations.

Labor Supply (January 24 and January 26)

- **Martinez, I. Z., Saez, E., and Siegenthaler, M. (2021). Intertemporal labor supply substitution? evidence from the swiss income tax holidays. *American Economic Review*, 111(2):506–546
- **Eissa, N. and Liebman, J. B. (1996). Labor supply response to the earned income tax credit. *Quarterly Journal of Economics*, 111(2):605–637

Labor Demand (January 31 and February 2)

- **Acemoglu, D. and Restrepo, P. (2020). Robots and jobs: Evidence from us labor markets. *Journal of Political Economy*, 128(6):2188–2244
- **Autor, D., Dorn, D., and Hanson, G. (2013). The china syndrome: Local labor market effects of import competition in the united states. *American Economic Review*, 103(6):2121–2168

Minimum Wage (February 7 and February 9)

- **Dube, A., Lester, T. W., and Reich, M. (2010). Minimum wage effects across state borders: Estimates using contiguous counties. *Review of Economics and Statistics*, 92(4):945–964
- **Card, D. and Krueger, A. B. (1994). Minimum wages and employment: A case study of the fast food industry in new jersey and pennsylvania. *American Economic Review*, 84(4):772–793
- Clemens, J. (2019). Making sense of the minimum wage: A roadmap for navigating recent research. *CATO Institute Policy Analysis*, 867

Racial discrimination (February 14 and February 16)

- **Bertrand, M. and Mullainathan, S. (2004). Are emily and greg more employable than lakisha and jamal? a field experiment on labor market discrimination. *American Economic Review*, 94(4):991–1013
- **Derenoncourt, E. and Montialoux, C. (2021). Minimum wages and racial inequality. *Quarterly Journal of Economics*, 136(1):169–228

Gender discrimination (February 21 and February 23)

- **Goldin, C. and Rouse, C. (2000). Orchestrating impartiality: The impact of “blind” auditions on female musicians. *American Economic Review*, 90(4):715–741

- **Bursztyn, L., Fujiwara, T., and Pallais, A. (2017). 'acting wife': Marriage market incentives and labor market investments. *American Economic Review*, 107(11):3288–3319

Intergenerational mobility (February 28 and March 2)

- **Chetty, R. and Hendren, N. (2018). The impacts of neighborhoods on intergenerational mobility i: Childhood exposure effects. *Quarterly Journal of Economics*, 133(3):1107–1162
- **Olivetti, C. and Paserman, M. D. (2015). In the name of the son (and the daughter): Intergenerational mobility in the united states, 1850-1940. *American Economic Review*, 105(8):2695–2724

Human Capital (March 14 and March 16)

- **Chetty, R., Friedman, J. N., and Rockoff, J. E. (2014). Measuring the impacts of teachers ii: Teacher value-added and student outcomes in adulthood. *American Economic Review*, 104(9):2633–2678
- **Bhuller, M., Mogstad, M., and Salvanes, K. G. (2017). Life-cycle earnings, education premiums, and internal rates of return. *Journal of Labor Economics*, 35(4):993–1030

Affirmative Action (March 21)

- **Bleemer, Z. (2021). Affirmative action, mismatch, and economic mobility after california's proposition 209. *Quarterly Journal of Economics*, Forthcoming

Unemployment Insurance (March 23 and March 28)

- **Ganong, P., Greig, F., Liebeskind, M., Noel, P., Sullivan, D., and Vavra, J. (2021). Spending and job search impacts of expanded unemployment benefits: Evidence from administrative micro data. *University of Chicago, Becker Friedman Institute for Economics Working Paper*
- Card, D., Chetty, R., and Weber, A. (2007). spike at benefit exhaustion: Leaving the unemployment system or starting a new job? *American Economic Review*, 97(2):113–118
- **Marinescu, I. and Skandalis, D. (2021). Unemployment insurance and job search behavior. *Quarterly Journal of Economics*, 136(2):887–931

Immigration (March 30 and April 4)

- **Card, D. (1990). The impact of the mariel boatlift on the miami labor market. *Industrial and Labor Relations Review*, 43(2):245–257
- Dustmann, C., Schönberg, U., and Stuhler, J. (2016). The impact of immigration: Why do studies reach such different results? *Journal of Economic Perspectives*, 30(4):31–56

- **East, C. N., Hines, A. L., Luck, P., Mansour, H., and Velasquez, A. (2021). The labor market effects of immigration enforcement. *IZA Discussion Paper No. 11486*

Unions (April 6)

- **DiNardo, J. and Lee, D. S. (2004). Economic impacts of new unionization on private sector employers: 1984–2001. *Quarterly Journal of Economics*, 119(4):1383–1441

Disability benefits (April 11)

- **Maestas, N., Mullen, K. J., and Strand, A. (2013). Does disability insurance receipt discourage work? using examiner assignment to estimate causal effects of ssdi receipt. *The American Economic Review*, 103(5):1797–1829

Family leave (April 13)

- **Rossin-Slater, M., Ruhm, C. J., and Waldfogel, J. (2013). The effects of california’s paid family leave program on mothers’ leave-taking and subsequent labor market outcomes. *Journal of Policy Analysis and Management*, 32(2):224–245

Changing Nature of Work (April 18)

- **Atalay, E., Phongthientham, P., Sotelo, S., and Tannenbaum, D. (2020). The evolution of work in the united states. *American Economic Journal: Applied Economics*, 12(2):1–34
- Seabrook, J. (2019). The age of robot farmers. *The New Yorker*, 8